IN THE

Supreme Court of the United States

OCTOBER TERM, 1947

No. 419

F. W. WOOLWORTH CO and NIPS, INC.,
Petitioners,

vs.

GUERLAIN, INC.,
Respondent.

RESPONDENT'S BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

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JUDICIAL PRINTING CO., INC., 82 BEEKMAN ST., N. Y.—BEEKMAN 3—9084-5-6 182

INDEX

TABLE OF CASES CITED

OTHER AUTHORITIES CITED

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The New York Court of Appeals has decided that re-bottled perfume carrying a label which physically bears the manufacturer's name so employs the manufacturer's good will as to permit him to set the resale price thereof under the New York State Fair Trade Act. It is this judgment that the petitioners seek to review.

POINT I

No Federal question of substance is involved. The only question is whether violation of respondent's Fair Trade contract constitutes unfair competition.

The State of New York has set conditions under which the petitioners, who re-bottle perfumes, may sell original merchandise bearing the trade mark of the respondent manufacturer. By its Fair Trade Act, the State has permitted the manufacturer to set the resale price of merchan-

dise identified by his trade mark. Such legislation is merely a simple example of a state protecting the property of its citizens. When the petitioners employ the respondent's trade marks in selling the re-bottled goods, they are dealing in the respondent's property. For, as held in the case of *Old Dearborn Dist. Co.* v. *Seagram Corp.*, 299 U. S. 183:

> "Appellants own the commodity; they do not own the mark or the good will that the mark symbolizes" (p. 194).
>
> * * * * * * *
>
> "The ownership of the good will, we repeat, remains unchanged, notwithstanding the commodity has been parted with" (p. 195).

The State has therefore directed that when a trade mark or its good will which is one man's property, is used by another for his own purposes, the trade mark owner may have some control over such use. Quoting further from the *Old Dearborn* case:

> "and good will is property in a very real sense, injury to which, like injury to any other species of property, is a proper subject for legislation" (p. 194).

It cannot be said therefore that petitioners' rights to due process are involved. It is not the petitioners' property which is being controlled. Petitioners may use their perfume in any manner they see fit if they do not employ respondent's trade mark. The respondent may interfere only when his good will is used by the vendor—and may not interfere if the petitioners remove the trade mark from the re-bottled product. Quoting further from the *Old Dearborn* case:

> "Section 2 of the act does not prevent a purchaser of the commodity bearing the mark from selling the commodity alone at any price he pleases. It interferes only when he sells with the aid of the good will of the vendor; and it interferes then only to protect that good will against injury" (p. 195).

POINT II

The decision below does not conflict with prior decisions of this Court.

Petitioners rely principally on the case of *Prestonettes, Inc.* v. *Coty, Inc.*, 264 U. S. 359. That case, however, is fully consistent with the decision sought to be reviewed. In that case, the Supreme Court held that collateral use of a trade mark did not constitute trade mark infringement. No question of unfair competition was involved.

> "This is not a suit for unfair competition. It stands upon the plaintiff's rights as owner of a trade mark registered under the Act of Congress."
>
> *Prestonettes* v. *Coty*, 264 U. S. 359, 369.

The instant action is directed against unfair competition in the selling of identified or trade-marked merchandise below the trade mark owner's established price.

The New York Court of Appeals, in its decision below, pointed out that the petitioners' use of respondent's trade mark possibly did not constitute a technical trade mark infringement because of the holding of the *Prestonettes* case,

> "but that fact does not in and of itself remove defendants from the purview of the Fair Trade Act" (R., p. 174).

Accordingly, the doctrines of the two cases are easily reconciled by the following statement of the law: The petitioners may legally re-bottle perfume and may employ the respondent's trade mark in selling such perfume. (The *Prestonettes* case.) However, they must observe the respondent's price schedules duly set under the Fair Trade Act. (The *Old Dearborn* case.)

The petitioners claim that this right to set prices is equivalent to a right to destroy the petitioners' business

in that particular article. However, this is no greater right than was given to the trade mark owners in any of the various cases of the Supreme Court holding that Fair Trade Acts are valid legislation. All other related points that the petitioners make are fully answered by noting that a trade mark remains the property of the trade mark owner and does not pass to the purchaser of a commodity bearing the trade mark. Since it remains the property of the manufacturer, the State may legislate to protect the property. Undoubtedly, there are many instances where a State may not see fit to interfere as where the property right is not damaged. However, in this situation, the State has interfered in regulating the re-sale of a commodity by passage of the Fair Trade Act which has been recognized by this Court as valid legislation, and this action is brought thereunder.

POINT III

That the Miller-Tydings Act is involved does not make the case a Federal question.

The Miller-Tydings Act merely recognizes the legality of contracts made under State fair trade legislation, as being excepted from the terms of the Sherman Anti-Trust Act. As such it is involved in the instant case only remotely or at least secondarily. There is no issue arising under the Miller-Tydings Act. The real question is the right of the State of New York to determine what constitutes unfair competition and its power to employ a Fair Trade Act in so doing. That question has been answered in the *Old Dearborn* case. The petitioners recite in Point II of their brief that the respondent Guerlain has registered its trade marks in the Patent Office, apparently emphasizing the Federal aspect of the case. However, the action was not brought under the Trade Mark statutes of the United States and such registration was entirely irrelevant to the petitioners' rights to institute the instant action.

POINT IV

The petitioners' statements as to the importance of the questions are not warranted.

The petitioners cite patent cases, not trade mark cases, to support their view that a monopoly is being fostered. However, a patent is far different from a trade mark. A patent is a monopoly granted by the Federal Government and a patentee should be restricted to the particular rights which have been granted. A trade mark is not a statutory grant. It is merely a name, which needs no legislative sanction. A trade mark does not involve monopoly in the sense of a patent. If the trade mark right becomes so effective or powerful that it can practically prevent competing sales of merchandise, the trade mark is invalid. It has then become the generic word for that merchandise. *Du Pont Cellophane Co.* v. *Waxed Paper Products Co.*, 85 Fed. 2nd 75, certiorari denied, 299 U. S. 601. If the petitioners can prove that respondent's Guerlain trade mark is synonymous with the word "perfume," they may properly allege a monopoly. However, respondent's trade mark can hardly be said to be generic for "perfume." The respondent merely seeks to protect its rather modest property from injury.

POINT V

Three States have had this question presented. All have reached a similar determination.

In addition to the action by the New York Court of Appeals in the instant case, it had formerly decided a very similar controversy in the same manner, *Lentheric, Inc.* v. *W. T. Grant Co.*, 257 App. Div. 348, affd. 282 N. Y. 638.

In Pennsylvania, a similar determination was reached, *Lentheric, Inc.* v. *F. W. Woolworth Co.*, 338 Pa. 523.

In California, the respondent herein brought a similar action through its exclusive distributor, *F. S. De Voin, Exclusive Distributor for Guerlain Products* v. *W. T. Grant.* Superior Court Cal. Feb. 11, 1938, 3 C. C. H. Trade Reg. Serv., par. 25106 (not officially reported). The Superior Court of California sustained the position of the respondent herein.

CONCLUSION

The petition for the writ should be denied.

Respectfully submitted,

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